

AMENDED IN ASSEMBLY MAY 9, 2000

AMENDED IN ASSEMBLY MAY 1, 2000

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

ASSEMBLY BILL

No. 2745

Introduced by Assembly Member Kaloogian
(Coauthors: Assembly Members Baldwin, Bock, House
Briggs, Correa, Firebaugh, Honda, House, Knox, Maddox,
Oller, and Pescetti)
(Coauthor: Senator Polanco)

February 25, 2000

An act to add Section 7513.6 to the Government Code, relating to public retirement fund investments.

LEGISLATIVE COUNSEL'S DIGEST

AB 2745, as amended, Kaloogian. Public retirement fund investments: national security.

Under the California Constitution, the retirement boards of public pension or retirement systems have plenary authority over the investment of pension funds, subject to their fiduciary duties to the members of the system; however, the Legislature may prohibit specified investments when it is in the public interest to do so and when specified fiduciary standards are satisfied.

This bill, the California State Investment Transparency and Disclosure Act, would state legislative concerns and encourage the Teachers' Retirement Board and the Board of Administration of the Public Employees' Retirement System

not to invest in foreign companies that pose a threat to national security, as specified, and would require the respective boards to investigate and report annually to the Legislature regarding their investments in international corporations doing business in countries meeting specified criteria.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. This act shall be known, and may be
2 cited as, the California State Investment Transparency
3 and Disclosure Act.

4 SEC. 2. (a) The Legislature is concerned about
5 foreign companies that pose threats to national security
6 through terrorism or the proliferation of weapons of mass
7 destruction, as documented by the federal Department
8 of State.

9 (b) The Teachers' Retirement Board and the Board of
10 Administration of the Public Employees' Retirement
11 System are encouraged, pursuant to the fiduciary
12 standards prescribed by Section 17 of Article XVI of the
13 California Constitution and related statutes, not to invest
14 in foreign companies that pose those threats.

15 SEC. 3. Section 7513.6 is added to the Government
16 Code, to read:

17 7513.6. On or before January 15 of each year, the
18 Teachers' Retirement Board and the Board of
19 Administration of the Public Employees' Retirement
20 System, respectively, shall investigate ~~publicly available~~
21 *publicly available* information and report to the
22 Legislature regarding the extent to which the assets of the
23 State Teachers' Retirement System and the Public
24 Employees' Retirement System are invested, or were
25 invested during the prior 12 months, in international
26 corporations doing business in countries that are on the
27 Department of State's list of terrorist-sponsoring nations
28 or the Department of the Treasury's list of Foreign Asset

1 ~~Controls, or that are currently under sanctions by the~~
2 ~~United States.~~ *Controls.*

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